

SENATOR GEORGE: No, no, certainly not.

SENATOR CHAMBERS: Well how are they going to gain?

SENATOR GEORGE: Well I guess I finally get the idea what you are asking. I guess a baker bakes bread and sells it for a profit, and a bond house sells bonds for a profit, there is no doubt about that.

SENATOR CHAMBERS: But why are the S & L's interested, on the committee statement?

SENATOR GEORGE: The S & L can increase its capital, which in turn it has available for loaning for either construction or buying older homes.

SENATOR CHAMBERS: Okay, and they will be able to borrow at a rate $1\frac{1}{2}$ percent to 2 percent below the conventional mortgage rate?

SENATOR GEORGE: That is the estimate. The estimate is arrived from comparing it with those other 35 states that do have this kind of bill on their books.

SENATOR CHAMBERS: When it says "the borrower", do they mean ...First of all the money from this fund will not be available to an individual. It's available only to lending institutions.

SENATOR GEORGE: That's correct, they'll channel it through the existing agencies.

SENATOR CHAMBERS: Now without this bill...all right first to have a conventional lending rate there would have to be somebody or some institution from which these current borrowers would borrow. Who are those agencies, or what are they?

SENATOR GEORGE: A conventional institution would be an S & L. It couldn't be a bank because, as far as I know, a bank could not make a 25 or 30 year range loan. It would have to be a savings and loan institution.

SENATOR CHAMBERS: Okay so now for these lenders to be able to borrow under this bill from the fund at a rate $1\frac{1}{2}$ percent to $2\frac{1}{2}$ percent below the conventional rate, who are they competing with? Who has established that rate?

SENATOR GEORGE: They would have to prove that they are not capable of competing with the regular interest rates that are in existence at the time on the market. If they can prove that, simply meaning by showing that they belong into a lower or moderate income group, then they would qualify for a loan at a lower interest rate.

SENATOR CHAMBERS: So then this bill will provide loans to the individual home purchaser? I thought it would make money available only to lending institutions.

SENATOR GEORGE: Well this is a three stage affair. The money is made available to the lending institutions, and then they in turn deal with the individual who wants to either build or buy a home.

SENATOR CHAMBERS: And they, at that point,...the lending institution has gotten money from the fund.

SENATOR GEORGE: Yes.